

## UI REPORTS HANDBOOK NO. 401

### ETA 581 Contribution Operations

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### A. Facsimile of Form ETA 581

#### ETA 581 - CONTRIBUTION OPERATIONS

Report For Quarter Ended:			Region Code:			State:		
Ln	End of Quarter Employers			4. Delinquency Cutoff Date		5. Total Wage Items Received		
101	1. Contrib.	2. Reimbur.	3. Total					
EMPLOYER REPORTS FOR PRECEDING QUARTERS								
201	Contributory Employers			Reimbursing Employers				
	6. Timely	7. Secured	8. Resolved	9. Timely	10. Secured	11. Resolved		
	12. No. Outstanding Qtrs. Prior to Report Quarter		13. Total Estimated Contributions Due					
STATUS DETERMINATIONS								
301	Newly Established Employers			Successor Employers				
	14. Number	15. Time Lapse <= 90	16. Time Lapse <= 180	17. Number	18. Time Lapse <= 90	19. Time Lapse <= 180	20. Inactive Terminations	
CONTRIBUTORY EMPLOYER RECEIVABLES								
401	21. Total Beg. Period	22. Determ Receivable	23. Liquidated	24. Declared Uncollected	25. Removed End Period	26. Total End Period	27. Employers Owing	
402	Age of Receivables							
	28. 6 Months or Less	29. 9 Months	30. 12 Months	31. 15 Months	32. Over 15 Months			
REIMBURSING EMPLOYER RECEIVABLES								
403	33. Total Beg. Period	34. Determ Receivable	35. Liquidated	36. Declared Uncollected	37. Removed End Period	38. Total End Period	39. Employers Owing	
404	Age of Receivables							
	40. 6 Months or Less	41. 9 Months	42. 12 Months	43. 15 Months	44. Over 15 Months			
AUDIT ACTIVITY								
501	Number of Audits			48 Calendar Quarters Audited	Total Wages Audited		51. Hours Spent Auditing	52. Number Employees Misclassified as Ind.Contr.
	45. Large Employers	46. Change Audits	47. Total Audits		49. Pre-Audit	50. Post-Audit		
502	Amount Underreported			Amount Overreported				
	53. Total Wages	54. Taxable Wages	55. Contributions	56. Total Wages	57. Taxable Wages	58. Contributions		

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**B. Purpose**

The ETA 581 report provides information on volume of work and State agency performance in determining the taxable status of employers and the processing of wage items; in the collection of past due contributions and payments in lieu of contributions, and delinquent reports; and in field audit activity. The data provide measures of the effectiveness of the tax program.

**C. Due Date and Transmittal**

The ETA 581 report for each calendar quarter is due in the Employment and Training Administration National Office on the 20th day of the second month following the quarter to which it relates, i.e., May 20, August 20, November 20, and February 20. This report will be transmitted electronically.

**D. General Reporting Instructions**

Checking the Report. Entries should be made for all items. If no activity corresponding to the items occurred during the report period, a zero should be entered. A report containing missing data can not be sent to the National Office but can be stored on the State's system. Edit checks can be found in Handbook 402, Unemployment Insurance Required Reports User's Manual, Appendix C. In addition, the sum of items 40 through 44 should equal item 38.

**E. Definitions**

1. Report Quarter. A calendar quarter (3 months) referenced on ETA reports covering a State's activities and transactions occurring within or existing as of the end of the quarter specified.
2. Active Employer. An "employer" (single or multi-unit) under the State unemployment compensation law, currently registered and required to file reports, during one or more of eight consecutive calendar quarters which includes the quarter being reported.
3. Inactive Employer. An employer who does not qualify for termination of coverage by reason of no longer meeting the State's definition of "EMPLOYER" but:
  - a. has notified the agency it is no longer paying wages and has been granted permission to suspend filing of quarterly reports, or
  - b. has been administratively granted permission to suspend filing quarterly reports by reason of no longer paying wages, or

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- c. without notification to the agency or prior to administrative action by the agency, has filed quarterly reports in eight consecutive quarters showing no wages paid. The effective date is the last day of the eighth quarter for which "no wages" reports were filed.
4. Contributions. The amount of State unemployment taxes, including voluntary payments, paid or payable into a State unemployment fund by an employer based on the taxable wages paid to an employee.
5. Contributory Employer. An employer who is required by the State unemployment compensation law to pay contributions into the State unemployment fund. Employers of certain classes who are not required to pay contributions but elect to do so, and employers with a 0.0% contribution rate are included in the definition of "contributory employer".
6. Reimbursing Employer. Certain nonprofit organizations, State or local government and political subdivisions which elect or are required to pay into the State unemployment fund a sum in lieu of contributions as provided in the State unemployment compensation law (usually an amount equal to unemployment benefits drawn against such an employer account).
7. Delinquency Cutoff Date. The date on which employers who have not submitted contribution and wage reports for a specific quarter are notified of such by the mailing of first delinquency notices.
8. Wage Item. A statement of wages for which, as the result of regular processing, a separate record is kept in a wage record file by employee name or Social Security Account Number.
9. Due Date (Contribution Report). The date after which the State can impose penalty and/or interest, whichever is first applicable.
10. Secured Report. A contribution report which has been received. A report is not considered secured even if a final assessment or a ruling of non-liability has been made.
11. Resolved Report. A contribution report which has been received or resolved by a final assessment of tax that is legally due and collectible or by a determination of non-liability.
12. Status Determination. Any recorded administrative action that establishes, modifies, changes, inactivates or terminates an employing unit's liability as an employer under the State unemployment compensation law.

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13. Newly Established Account. An account for an employing unit which is determined, for the first time, as meeting the definition of "EMPLOYER" in the State unemployment compensation law or a previously terminated employing unit which again is determined as meeting the definition of employer.
14. Successor. An employing unit which has acquired the organization, trade, or business, in whole or in part, of another employer, and is declared subject as a successor as of the day on which it meets the requirements of the State unemployment compensation law for successorship.
15. Terminated Employer. An employer, who may or may not have previously been granted permission to suspend filing quarterly reports (made inactive), but has requested and been granted termination of coverage or has administratively been granted termination of coverage by reason of not meeting the definition of "EMPLOYER" in the State unemployment compensation law.
16. Receivables.
  - a. Contributory employers: past due contributions (State unemployment taxes), not including penalty and interest, which were due and payable with the employer's contribution report. Receivables include assessments and final assessments which are legally collectible and enforceable.
  - b. Reimbursing employers: past due amounts for reimbursable benefit payments that were charged and billed to reimbursing employers.
17. Estimate - Contributions Due. A calculation of contributions due for which a quarterly report has not yet been received. Estimates are usually based on past experience of an employer's account, and may be a "best reasonable calculation". An estimate may or may not be legally collectible and enforceable under the State unemployment compensation law. Estimates for purposes of item 13 are not receivables for purposes of lines 401 and 402.
18. Assessment. A liability established administratively for contributions due, usually based on an estimate and charged to an employer account with the expectation that it will be paid by the employer. For purposes of lines 401 and 402, an assessment is a receivable only if it is legally collectible and enforceable. It is no longer an estimate for statistical purposes of item 13.
19. Final Assessment. The same as assessment but requires completion of some due process (e.g., employer notification and expiration of an appeal period) to be legally collectible under the State unemployment compensation law.

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20. Liquidated Amount. An amount received or an adjustment which cancels a previously established receivable.
21. Declared Uncollectible (Write off). A receivable amount for which all reasonable collection efforts have been exhausted and which has been officially written off and/or authorized for removal from the active accounts receivable file and transferred to suspense (no further action to be taken).
22. Aging of Receivables. The process of identifying and classifying receivable amounts according to the length of time such amounts have remained unpaid, e.g., 6 months or less, 9 months, 12 months, 15 months, over 15 months.
23. Audit. A systematic examination of an employer's books and records, using generally accepted auditing standards and procedures, covering a specified period of time during which the employer is liable for reporting under the law or, is found to be liable as a result of the examination. An audit must:
  - a. Include an opening interview;
  - b. Cover a minimum of four calendar quarters (except as specified in ES Manual, Part V, Section 3675);
  - c. Verify the business entity as a sole proprietor, partnership, corporation, joint venture, or other;
  - d. Document records examined and evidence obtained in tests used to verify payroll procedure, accuracy and completeness;
  - e. Document records available and examined and the evidence obtained in the search for misclassified workers and payments;
  - f. Conclude with a close-out conference with the employer or designated representative or include an explanation if not conducted; and
  - g. Include a written report stating the auditor's final determination and all facts contributing to or supporting that final determination.
24. Large Employer Audit. An audit of an employing unit:
  - a. Reporting wages paid to 100 or more individuals during the current or preceding calendar year, or

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- b. Reporting at least \$1,000,000 in taxable payroll for the calendar year preceding the first quarter being audited.
25. Change Audit. An audit resulting in the discovery of wages or taxes not previously reported or reported incorrectly by the employer. Note: Delinquent employer reports obtained at the same time an audit is conducted, but are not related to any quarter covered by the audit, must not be considered in determining if the audit is a change audit.

#### F. Item by Item Instructions

1. Employer Count. Items 1, 2, and 3 relate to the count of active employers only. Do not include inactive or terminated employers.

Note: To obtain an accurate count of the number of employers at the end of the quarter, a computer program (or other reliable tool) which identifies and counts employers who meet the definitions of active contributory employer (item 1) and active reimbursing employer (item 2) must be used.

- a. Item 1. Contributory. Enter the number of active contributory employers subject to the State unemployment compensation law at the end of the report quarter. Include employers with a 0.0% contribution rate and employers from certain classes which are not required to pay contributions but have elected to do so.
  - b. Item 2. Reimbursing. Enter the number of active reimbursing employers subject to the State unemployment compensation law at the end of the report quarter.
  - c. Item 3. Total. Enter the total number of active employers (sum of items 1 and 2) subject to the State unemployment compensation law at the end of the report quarter.
2. Delinquency Cutoff Date and Wage Items Received
- a. Item 4. Delinquency Cutoff Date. Enter the date on which employers, who have not submitted contribution and wage reports for the quarter preceding the report quarter, were identified and notified of such by the mailing of first delinquency notices.
  - b. Item 5. Total Number of Wage Items Received. Enter the number of wage items received and processed during the quarter.



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Count "Wage Items" after initial data entry or before or during the quarterly update of the Wage Record Master File. The quarterly count should be made consistently at the same point every quarter.

If a wage record is incomplete, e.g., some elements are omitted, count only those records containing a dollar amount and another element which positively identifies the worker either by name or Social Security Number; or by employer name or account number. A wage item is counted only once. Corrected wage items are counted only if they were not previously included.

The percent of change in the number of wage items from the preceding quarter should be computed. If the percent of change (either increase or decrease) exceeds the criteria below, data should be checked further and explained under "Comments".

<u>Number of Wage Items</u>	<u>Percent Change</u>
5,000,000 or more	7%
3,000,000 - 4,999,999	10%
Less than 3,000,000	20%

#### 3. Employer Reports for Preceding Quarters - Contributory Employers

- a. Item 6. Filing Timely. Enter the number of contributory employers who, as of the due date, had submitted contribution reports for the quarter preceding the report quarter.
- b. Item 7. Secured. Enter the number of contributory employers who, as of the last day of the report quarter, had submitted contribution reports for the preceding quarter. This number includes all employers whose reports were actually secured (report in hand). Employers whose report delinquencies were resolved by the issuance of an assessment or estimate as well as employers found to be no longer liable are not counted as secured reports, and therefore, are not counted in this item. This count includes the number of reports filed timely in item 6.
- c. Item 8. Resolved. Enter the number of contributory employers who, as of the last day of the report quarter, had resolved reports for the second quarter preceding the report quarter. Employers whose report delinquencies were cleared by the issuance of an assessment or estimate as well as employers found to be no longer liable are counted as resolved reports, and therefore, are counted in this item.

Example - For items 6, 7, and 8:

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For the report quarter ending June 30, 1999;

Timely - Enter in item 6, the number of contributory employers who as of the due date had submitted contribution reports for the quarter ending March 31, 1999,

Secured - Enter in item 7, the number of contributory employers who, as June 30, 1999, had submitted contribution reports for the quarter ending March 31, 1999. Do not include employers to whom assessments have been issued, or for whom determinations of non-liability have been made.

Resolved - Enter in item 8, the number of contributory employers who as of June 30, 1999, had resolved reports for the quarter ending December 31, 1998. Include employers to whom assessments have been issued, or for whom determinations of non-liability have been made.

#### 4. Employer Reports for Preceding Quarters - Reimbursing Employers

- a. Item 9. Filing Timely. Enter the number of reimbursing employers who, as of the due date, had submitted required reports for the quarter preceding the report quarter.
- b. Item 10. Secured. Enter the number of reimbursing employers who, as of the last day of the report quarter, had submitted required reports for the immediately preceding quarter. Do not include those employers whose delinquency was resolved because they were found to be no longer liable.
- c. Item 11. Resolved. Enter the number of reimbursing employers who, as of the last day of the report quarter, had submitted required reports for the second quarter preceding the report quarter. Include those employers whose delinquency was resolved because they were found to be no longer liable.

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#### Example - For items 9, 10, and 11:

For the report quarter ending June 30, 1999;

Timely - Enter in item 9, the number of reimbursing employers who, as of the due date, had submitted required reports for the quarter ending March 31, 1999,

Secured - Enter in item 10, the number of reimbursing employers who, as June 30, 1999, had submitted required reports for the quarter ending March 31, 1999. Do not include employers for whom determinations of non-liability have been made,

Resolved - Enter in item 11, the number of reimbursing employers who, as of June 30, 1999, had resolved reports for the quarter ending December 31, 1998. Include employers for whom determinations of non-liability have been made.

#### 5. Outstanding Quarters, Estimated Contributions Due and Wage Items

- a. Item 12. Number of Outstanding Quarters Prior to Report Quarter. Enter the total number of quarters represented by contribution reports outstanding for all quarters prior to the report quarter. Item 12 must include quarters attributable to all delinquent contribution reports for the immediately preceding quarter, regardless of whether or not the employer has been issued an assessment. Do not include reports due from reimbursing employers.
- b. Item 13. Total Estimated Contributions Due. Enter an estimate of the total amount of contributions due attributable to the number of outstanding quarters in item 12.

The estimate of contributions due should be based on:

- (1) the amount of taxable wages for the same quarter in the preceding year adjusted to the employer's contribution rate for the quarter being estimated, or
- (2) a method which results in a "best reasonable calculation".

The estimate for item 13 should not include intentionally inflated amounts which are assigned to employers for enforcement purposes or any assessments based on outstanding reports in item 12 for which a receivable has been established and is included on line 401. Item 13

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should represent the "truest picture" of the actual amount of contributions due.

Note: Item 13 is related only to item 12 and is not to be included in any other items or calculations on this report.

#### 6. Status Determinations - Status Determinations Made During Report Quarter

- a. Item 14. Number, Newly Established Employers. Enter the number of status determinations made during the report quarter which resulted in the establishment of a new account, except do not include those determinations which resulted in the establishment of a new account for a successor employer. Include status determinations which re-established accounts for previously inactivated and/or terminated employers.
- b. Item 15. Time Lapse - 90 Days or Less, Newly Established Employers. Enter the number of status determinations in item 14 that were made in 90 days or less from the end of the quarter in which liability occurred. Count the number of calendar days from the end of the quarter in which liability occurred to the date that the status information was officially entered into the State's system. For previously inactivated and/or terminated employers, count the number of days from the end of the quarter in which liability re-occurred. If the status information is entered before the end of the quarter in which liability occurred or re-occurred, the determination is automatically counted in the 90 days or less time lapse category.
- c. Item 16. Time Lapse - 180 Days or Less, Newly Established Employers. Enter the number of status determinations in item 14 that were made in 180 days or less from the end of the quarter in which liability occurred. Count the number of calendar days from the end of the quarter in which liability occurred to the date that the status information was officially entered into the State's system. For previously inactivated and/or terminated employers, count the number of days from the end of the quarter in which liability re-occurred. This count includes the number of status determinations reported for the 90 days or less time lapse in item 15.
- d. Item 17. Number, Successor Employers. Enter the number of status determinations made during the report quarter in which the State's legal definition of successorship was met and the employer was, thus, classified as a successor. Include full and partial successorships. Include status determinations which resulted in the establishment of new accounts for successor employers, as well as those employers who already had an

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existing account and acquired all or a part of the business of another employer with an existing account.

Example:

Employer B, who previously has not been a subject employer, acquires and continues the business of Employer A. Employer B is determined to be a successor and is counted in item 17 as a successor rather than in item 14 as a newly established account.

Employer X, who is registered as an active subject employer, acquires and continues the business of Employer Y. Employer X is determined to be the successor to Employer Y and should also be counted in item 17.

- e. Item 18. Time Lapse - 90 Days or Less, Successor Employers. Enter the number of status determinations in item 17 that were made in 90 days or less from the end of the quarter in which liability as a successor occurred. Count the number of calendar days from the end of the quarter in which liability occurred to the date that the status information was officially entered into the State's system. If the status information is entered before the end of the quarter in which liability occurred, the determination is automatically counted in the 90 days or less time lapse category.
  - f. Item 19. Time Lapse - 180 Days or Less, Successor Employers. Enter the number of status determinations in item 17 that were made in 180 days or less from the end of the quarter in which liability as a successor occurred. Count the number of calendar days from the end of the quarter in which liability occurred to the date that the status information was officially entered into the State's system. This count includes the number of status determinations reported for the 90 days or less time lapse in item 18.
  - g. Item 20. Inactivations/Terminations. Enter the number of employers that were made inactive or for whom coverage was terminated during the quarter. Do not include terminated employers who were first made inactive and were previously included in the count for this item at that time.
7. Receivables - Contributory Employers. Line 401 shows accounting control activities during the report quarter in regard to receivables due from contributory employers. Line 401 covers (as of the last day of the report quarter) all known receivables due for all calendar quarters prior to the report quarter.
- a. Item 21. Total Receivables at the Beginning of Period. Enter the total amount of known past due contributions at the beginning of the period. This amount should be equal to item 26 on the previous report.

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- b. Item 22. Amount Determined Receivable During Report Period. Enter the amount of contributions determined to be past due during the report quarter based on contribution reports received without full payment of taxes, audit findings, adjustments, legally enforceable estimates and assessments and final assessments. Include all such receivables even though they are paid later in the quarter, otherwise liquidated or declared uncollectible. Do not include estimates and assessments which are not legally collectible or enforceable. Do not include interest and penalties.
- c. Item 23. Receivables Liquidated During Report Period. Enter amounts which were liquidated during the report quarter, other than by being declared uncollectible, which reduced the amounts in items 21 and 22. Do not include timely contributions received during the report quarter.
- d. Item 24. Receivables Declared Uncollectible During Report Period. Enter amounts reported in items 21 and 22 that were declared uncollectible and/or transferred to suspense status during the report quarter. Do not include amounts previously reported in item 25 (receivables removed from active file at end of report period) if such amounts were later declared uncollectible.
- e. Item 25. Receivables Removed from Active File at End of Report Period. Enter amounts included in item 21 (total receivables at beginning of period) that were reported in item 32 (over 15 months - age category) for the two immediately preceding ETA 581 report periods, but because of State policy, have not been declared uncollectible.

Example: A receivable amount of \$500 attributable to the quarter ending June 30, 1997 was included in total receivables at the end of report period (item 26) and, for the first time, reported in the "over 15 months" age category (item 32) on the ETA 581 report for the quarter ending December 31, 1998. The \$500 was not collected or declared uncollectible during the quarter ending March 31, 1999, and, therefore, was included in total receivables at the end of report period (item 26) and the "over 15 months" age category (item 32) for a second report quarter. Since item 26 (total receivables at the end of report period) on the report for the quarter ending March 31, 1999, is the same as item 21 (total receivables at beginning of report period) on the report for the quarter ending March 31, 1999, the \$500 was included in item 21 on the report for the quarter ending June 30, 1999. The \$500 was not collected or declared uncollectible during the quarter ending June 30, 1999, and had already been reported in the "over 15 months" age category (item 32) on reports for quarters ending December 31, 1997 and March 31, 1999. Therefore, on the report for the

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quarter ending June 30, 1999, the \$500 is reported in item 25, receivables removed at end of report period.

- f. Item 26. Total Receivables at End of Report Period. Enter the total amount of past due contributions as of the last day of the period. This amount should equal the result of the addition of items 21 and 22 minus items 23, 24, and 25.
  - g. Item 27. Number of Employers Owing Receivables. Enter the number of employers who owe the amount reported in item 26.
8. Age of Receivables - Contributory Employers. Line 402 separates total receivables in item 26 by amount and age. The age of receivable amounts should be calculated from the end of the quarter for which contributions are due, i.e.: March 31, June 30, September 30, December 31, not the date on which the amount was established as past due. Negative amounts cannot be entered in the age categories on this line.
- a. Item 28. 6 Months or Less. (2 quarters or less) Enter that part of the amount in item 26 which, as of the end of the report quarter, was past due for 2 report quarters or less. Example: On the report for quarter ending June 30, 1999, enter in item 28 amounts that were past due for quarters ending March 31, 1999 and December 31, 1998.
  - b. Item 29. 9 Months. (3 quarters) Enter that part of the amount in item 26 which, as of the end of the report quarter, was past due for 3 report quarters. Example: On the report for the quarter ending June 30, 1999, enter in item 29, amounts that were past due for the quarter ending September 30, 1998.
  - c. Item 30. 12 Months. (4 quarters) Enter that part of the amount in item 26 which, as of the end of the report quarter, was past due for 4 report quarters. Example: On the report for the quarter ending June 30, 1999, enter in item 30, amounts that were past due for the quarter ending June 30, 1998.
  - d. Item 31. 15 Months. (5 quarters) Enter that part of the amount in item 26 which, as of the end of the report quarter, was past due for 5 report quarters. Example: On the report for the quarter ending June 30, 1999, enter in item 31, amounts that were past due for the quarter ending March 31, 1998.
  - e. Item 32. Over 15 Months. (6 quarters or more) Enter that part of the amount in item 26 which, as of the end of the report quarter, was past due

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for more than 15 months; i.e., 6 or more report quarters. Example: On the report for the quarter ending June 30, 1999, enter in item 32, amounts that were past due for the quarter ending December 31, 1997, and all prior quarters.

Note: The sum of amounts in items 28 through 32 must equal total receivables in item 26.

9. Receivables - Reimbursing Employers. Line 403 shows accounting control activities during the report quarter for past due payments in lieu of contributions. Line 403 covers (as of the last day of the report quarter) all known past due payments in lieu of contributions for all calendar quarters prior to the report quarter.
  - a. Item 33. Total Receivables at the Beginning of Period. Enter the total amount of payments in lieu of contributions known to be past due at the beginning of the period. This figure should be equal to item 38 of the previous report.
  - b. Item 34. Amount Determined Receivable During Report Period. Enter the amount of payments in lieu of contributions determined as past due during the report quarter based on current billings to reimbursing employers which are unpaid. Do not report amounts already included in item 33.
  - c. Item 35. Receivables Liquidated During Report Period. Enter the amount liquidated during the report quarter which reduced amounts in items 33 and 34 (other than by being declared uncollectible). Do not include timely payments in lieu of contributions received during the report quarter.
  - d. Item 36. Receivables Declared Uncollectible During Report Period. Enter amounts reported in items 33 and 34 that were declared uncollectible and transferred to suspense status during the report quarter. Do not include amounts previously reported in item 37 (receivables removed from active file at end of report period) if such amounts were later declared uncollectible.
  - e. Item 37. Receivables Removed from Active File at End of Report Period. Enter amounts included in item 33 (total receivables at beginning of period) that were reported in item 44 (over 15 months - age category) for the two immediately preceding ETA 581 report periods, but because of State policy, have not been declared uncollectible.

Example: An amount of \$600, which was determined receivable during the quarter ending June 30, 1997, was included in total receivables at the end



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of report period (item 38) and, for the first time, reported in the "over 15 months" age category (item 44) on the ETA 581 report for the quarter ending December 31, 1998. The \$600 was not collected or declared uncollectible during the quarter ending March 31, 1999, and, therefore, was included in total receivables at the end of report period (item 38) and the "over 15 months" age category (item 44) for a second report quarter. Since item 38 (total receivables at the end of report period) on the report for the quarter ending March 31, 1999, is the same as item 33 (total receivables at beginning of report period) on the report for the quarter ending June 30, 1999, the \$600 was included in item 33 on the report for the quarter ending June 30, 1999. The \$600 was not collected or declared uncollectible during the quarter ending June 30, 1999, and it had already been reported in the "over 15 months" age category (item 44) on reports for quarters ending December 31, 1998 and March 31, 1999. Therefore, on the report for the quarter ending June 30, 1999, the \$600 is reported in item 37, receivables removed at end of report period.

- f. Item 38. Total Receivables at End of Report Period. Enter the total amount of payments in lieu of contributions that were past due as of the last day of the report quarter. This figure should be the result of the addition of items 33 and 34 minus items 35, 36, and 37.
  - g. Item 39. Number of Employers Owing Receivables. Enter the number of employers who owe the amount reported in item 38.
10. Age of Receivables - Reimbursing Employers. Line 404 separates total receivables in item 38 by amount and age. The age of receivable amounts for reimbursing employers should be calculated from the date payment was due, not the date on which the amount was determined to be past due. Negative amounts cannot be entered in the age categories on this line.
- a. Item 40. 6 Months or Less. Enter that part of the amount in item 38 which, as of the end of the report quarter, was past due for 6 months or less.
  - b. Item 41. 9 Months. Enter that part of the amount in item 38 which, as of the end of the report quarter, was past due for 9 months or less but more than 6 months.
  - c. Item 42. 12 Months. Enter that part of the amount in item 38 which, as of the end of the report quarter, was past due for 12 months or less but more than 9 months.

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- d. Item 43. 15 Months. Enter that part of the amount in item 38 which, as of the end of the report quarter, was past due for 15 months or less but more than 12 months.
- e. Item 44. Over 15 Months. Enter that part of the amount in item 38 which, as of the end of the quarter, was past due for more than 15 months.

Note: The sum of amounts in items 40 through 44 must equal total receivables in item 38.

- 11. Audit Activity. Lines 501 and 502 show transactions resulting from activities which meet the definition of "audit" as specified in Section E. 23. of these instructions and the requirements of the Field Audit Function in ES Manual, Part V, Sections 3670-3693. With the exception of item 49, total wages audited: pre-audit, do not include in amounts underreported or overreported, any wages or contributions that were reported by an employer before an audit assignment or that were obtained without resorting to an audit. Wages and contributions attributed to a delinquent employer report which were obtained through a field assignment other than an audit, or were obtained at the same time an audit was conducted but were not within the scope of the audit, should not be reported on line 502 but should be included in items 22 and/or 23 (contributions), as appropriate.
  - a. Item 45. Large Employer Audits. Enter the total number of completed large employer audits. Item 45 can not be greater than item 47.
  - b. Item 46. Change Audits. Enter the number of audits in item 46 that were change audits. Item 46 can not be greater than item 47.
  - c. Item 47. Total Audits. Enter the total number of audits completed during the report quarter.
  - d. Item 48. Calendar Quarters Audited. Enter the total number of quarters audited as the result of audits reported in item 47. Count only quarters actually audited. Do not include quarters in which adjustments were made without auditing.
  - e. Item 49. Total Wages Audited: Pre-Audit. Enter the amount of pre-audit total wages originally reported by employers for quarters audited in item 48. Estimates and/or assessments processed to an employer's account in lieu of actual reports should be included in this amount.

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- f. Item 50. Total Wages Audited: Post Audit. Enter the amount of total wages recorded in audit summaries as the result of auditing quarters in item 48.
- g. Item 51. Hours Spent in Auditing. Enter the total number of hours (rounded to the nearest full hour) spent conducting the audits reported in item 47. Do not include time spent traveling to and from audit sites.
- h. Item 52. Number of Employees Misclassified as Independent Contractors. Enter the total number of employees discovered through audits in item 47 that were previously misclassified by the employer as independent contractors. Count only employees discovered in quarters that were actually audited as reported in item 48.

Employees who were improperly misclassified in categories other than independent contractor can not be counted in item 52. Example: Under the State law, newspaper carriers age 18 years old or younger are classified as “excluded employees” for UI purposes. In an audit of the City Times Newspaper Co., it was discovered that all newspaper carriers, including 30 carriers over 18 years old, were being classified as “excluded employees”. The 30 carriers can not be counted in item 52 because they were improperly classified as “excluded employees” not “independent contractors”.

- i. Item 53. Underreported Total Wages. Enter the total amount of underreported gross wages discovered as a result of quarters audited in item 48. Do not include amounts resulting from adjustments for quarters that were not actually audited.
- j. Item 54. Underreported Taxable Wages. Enter the total amount of underreported taxable wages discovered as a result of quarters audited in item 48. Do not include amounts resulting from adjustments for quarters that were not actually audited.
- k. Item 55. Underreported Contributions. Enter the total amount of underreported contributions discovered as a result of quarters audited in item 48. Do not include penalty and interest. Do not include amounts resulting from adjustments for quarters that were not actually audited.
- l. Item 56. Overreported Total Wages. Enter the total amount of overreported gross wages discovered as a result of quarters audited in item 48. Do not include amounts resulting from adjustments for quarters that were not actually audited.

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- m. Item 57. Overreported Taxable Wages. Enter the total amount of overreported taxable wages discovered as a result of quarters audited in item 48. Do not include amounts resulting from adjustments for quarters that were not actually audited.
- n. Item 58. Overreported Contributions. Enter the total amount of overreported contributions discovered as a result of quarters audited in item 48. Do not include amounts resulting from adjustments for quarters that were not actually audited.

Note: Amounts reported in items 53 through 58 must represent total amounts discovered as underreported and overreported for all audits without regard to the net effect for each individual audit.

Example: The following audit differences were discovered in Audit A:

	<u>Underreported</u>	<u>Overreported</u>	<u>Net</u>
Total Wages	\$850,000	\$1,000,000	\$150,000/over
Taxable Wages	500,000	50,000	450,000/under
Contributions	25,000	10,000	15,000/under

To report audit differences from audit A on ETA 581, \$850,000 should be included in item 53, \$500,000 in item 54, \$25,000 in item 55, \$1,000,000 in item 56, \$50,000 in item 57 and \$10,000 in item 58. The net differences for audit A are not to be included on the ETA 581.

- 12. Comments. Four lines are available on the electronic submittal system for comments. Comments are appropriate under the following circumstances:
  - a. Administrative Factors Affecting Data Reported. Describe any administrative factors, such as rules and regulations, which may affect the information reported in such a way that it lacks comparability with data submitted on prior reports or on current reports submitted by the State agency.
  - b. Legal Factors Affecting Data Reported. Describe any legal factors, such as new laws or amendments to the State unemployment compensation law, which may affect the information reported in such a way that it lacks comparability with data submitted on prior reports or on current reports submitted by other State agencies.
  - c. Economic Factors Affecting Data Reported. Describe any economic factors which substantially affect the data reported by increasing or

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reducing the number of status determinations, subject employers, field audits, and amount of receivables in such a way that the conditions will be reflected in any of the tabulations prepared.